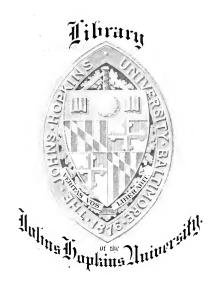
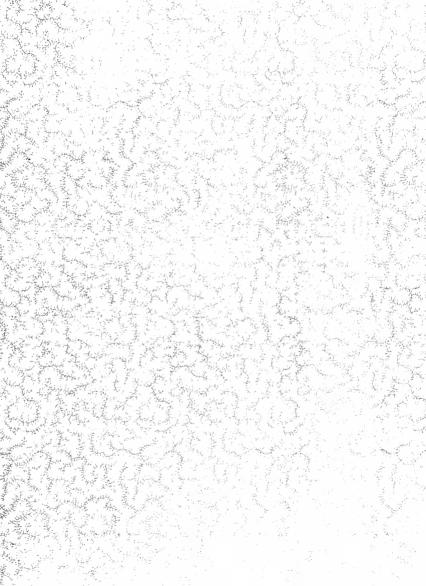


MORAVIA SPEC. COLL







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Tokaki,

Passery

-:- THE HISTORY OF JAPANESE PAPER GURGETCY. -:(1808-1890)

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-:- MASA(OSHI TAKAKI, S. E. -:A Dissertation presented to 'ne
oard of University Studies
of the Johns Hopkins University
for the degree of
Doctor of Philosophy.

-:- LISTORY OF JAPAMESE PAPER CURLEGGY .-:-

Introduction. (deriff CHAP. 1.-denests of paper money.

The Political condition of the country reviewed. The Financial condition of the government before the issue of paper money. The measures of the . overnment: (a) The Confiscation of the Tokugawa Domains. (-1(t) Contraction a domestic loan. The Blan of paper currency proposed. Mr. Micke on the subject of the issue. The Difficulties to be encountered. The ferislation of May, 1808. The Objects of the covernment issuing the paper money (1) The defray the government expenditure. + (6) To lay a sure basis of national prosperity. pp. -6-18-CHAP. II. Sirculation of the paper money. The Oifficulties tor thegoirculation. The Opposition of Daimyos and Samrais. The Bolicy of the povernment. Postporement of the circulation. Enforcement by law. acceptable refusal of the poople to circulate the noney. Ouusen. W (14) The lack of confidence. The Existence of "clan-notes". (th) The Indefinitoretatement of he law. The measures taken by the government. The Way opened for the circulation by -- (1) Legis a ive measures. -- (A) App arance of counterfact old mone .pp. 19-33.



THAP. IV. Recemption of the paper money cartery.

- (1) Those issued to cover temporary deficit
- and reissued shortly after issue.

 (2) Proce issued to defra; the mile exponditure and added to the permanent public debt.

Policy of reasuntion.

- (1) Issue of bonds in exchange for paper money.
- (2) Establishment of a Hational Bank.
- (3) " of the lank of Japan.

The Result of the government policy.pp. 44-92.



It has mad been families from him. to and the manufacture to conside the of its stray . In myseaff is posited in - - Sel dans the to and enefted 100 (Ler. Per del: - Board of Museum of Studies of an flow they time 15'16. Of '- 15 is ..e all: :ing we the degree of one los of The brothy in Asen in . Jeaside erm it thank nower To power, in 10 m newly open a port 10 11 1 1011 1 1 1011 1 1 1 it + i fmonte e, ali with the Restoration of large (j) -who, contradiction (1) Transaction of Articles of Control of Articles mainly is the location of the state. 1 00 - 1 - 1



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:- <u>IITROIUSTION</u>. -:-

money of Jopan was issued as early as 1335 (Hens a Period).

The particulars of the issue and characteristics of the particulars of the issue and characteristics of the particular are en inely anknown to usp Johns and is energily believed, however, that this paper was not used in a considerable amounts. (2) I even the Tokujawa diversity itself never each down itself in rejimb, but into circulation a lover ment issue, it was Colly at the close of its power, in 1977 and it sanctioned a paper money for the newly opened port of hydro; but the was willnown as even as it was uthorized, then paper currency issued by the jovernment of the purpose of universal circulation to outnote the Empire is gain with the Restoration in 1864. (3) — Hers. Mover's a stall circ

⁽¹⁾ Transac 10 : (1) A little pociet of Ciplin, on. AA, supplies topic 1, . 1 .

^(§) Is present proceedings of the control of the co



renc, hear, from institution on als estala a series a the mids: of political confusion to the eminter, then men indescribulie a "field hes in the way of carr in , Fround this financial measure. It notwithstanding these difficulties the finenciers and statesmen of the time, by train integrity and honesty were able to establish a solid basis for the currency system and to complete the liquidation of all the inconvertable paper notes before two decades had elapsed. To-day Japan, so far as her financial system is cond-raed, stands among the west regulated nations in the world. (1) It is the purpose of this monograph to race the genesis, development a o . anagement of the lapanese paper currency, from the Restoration of the Imperial lower in 1808 down to the establishment of Constitutional government in 1890.

Kwa.bun (1:.1-1.73), there existed another paper money is such by the Daimyos, but they were circulated only within the feadal territorial limits. See Count Matsukata 's Report of 1820.

⁽¹⁾ See the address of Mr. K. Wat yeble, the Japanese Winister of State for Finance, at the Second Session of the Imperial Dist.

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-:- CHAPTER I. -:-

efore tracing the development of the paper currence sistem of Japan, in order that one may thoroughly understand the forces which compelled the government to issue the patit is very necessary per money. Then to consider briefly, the condition of the country at the time when the imperial power was restored and the present government was organized.

In the 12th month of Kieo (1868) the Imperial proclamation was made that his Majesty, the Japanese Emperor, discussed Yoshinotu Tokugawa, at the request of the latter, from the office of Shogun. (1) Thus, the Snogun ostensibly returned the ruling power which had been exercised by his family for more than two hundred and lift, years, to the hands of the Emperor who were now to be the sole ruler of the country. But this surrecer of the Shogun was merely nominal, for although the sovereign power was formerly transferred,

⁽¹⁾ Translation of the proclamation is liven in American Exection Deciment, Diplomatic Correspondence 1807-1809, p. 22.



, et the actual power over the dominion and subjects remained in the hands of the feedal notles who still continued to exercise governmental powers within their own territorial limit As it was impossible nowever, for the Emperor to "fulfil his high office" unless he posessed We dominion and subjects, he sent an envoy to the Ex-Shogun and asked him to return such nert of his revenue as had been sllotted to him only as Shogun. (1) This propsition was refused by Yoshinobu who, however, simified his regainess to hand over to the Emperor a yearl, income of a shousand sokus (2) and to continue the for er allowance of one hundres and fifty thousand Kokus to the Immerial Court. "He further declared that he himself was ready to sugart to the orders of the imperor but the Dainyos, Aidz and Kilwana, resisted his wishes: lest there should be some violence committed by them, he would jo to Osaka, dismiss them into their respective provinces and then return to Agoto to awart there the arrection of the Imperial Court"

^{(2.1 (1)} Mer -1-Si 1-Yo, Vol. I. p. 1 .

^{7.427} One Koku was arout \$3.00 in value.

(5) 431 American executive Diplomatic Correspondence, 1808-10,

0.362.



num to return to Kyoto a. promised; the war just of Yoshinolearn that Aids and duwana forming the van just of Yoshinoouts army had marched towards Kyoto, a dithat this advanced
section had attacked the Imperial guard at Tola and Fushini.
Set I wretels were replied and retreate to Osaka and thence
to the lort mustern provinces by sea. This tread erons
conduct of the ExtShopun caused the Emperor to declare war
against Toru was no his adherents and appointed Prince Arisa
jawa as the Commander-in-Chief of the suppressing forces.
Thus, the civil war which revolutionized Japan was begun.

In this din of war and political confusion, the new jovernment began its auministration, now critical x period the matter sample to mesories. One institutions were proofed up; but the new institutions were not get fully established to a me he place of the old. The luperial forces had gained a victory in the single satisfied cast of the makene Mountains supported the Ex-Snogun, resisted the Laperial remp. The attitude of the Dairwood satisfied the Laperial remp. The attitude of the Dairwood was not were in a state, licenation norm disconniction, the period tenants who were unsettled to the lattitude of the Dairwood was the matter of the stants. Men's minus were unsettled to the licenation was

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state of confision. "The sreat Work of Destern the neier + monstitution", and r. 0 ho i. is fanous minori only . If accomplishing raining to the that it has com (1)and every measure adopted demanded constant outlant by the government but it had no means with which to meet ... is enormons expenditure. How far the financial emparras pert of the rovergment extended we can see income the letter of the to the Commander-in-Chief of the I perial army who asked for a reenforcement of provisions. It says; "Although we acknowledge that the military funds are, at this crisis of the nation, of the most pressing need, get as has been said refore, the "reasury Eurcau is, a presentian empty to have not means surficion, the meal went the ordinary expenses of the Bureau Mr. Licka (nov Viscount Yuri) description the timescal condition of the eventual of the or s; "A large army was in the field engaged in suppressing the rebellion to relieve the government has supplied o send them; every earlie than in the deal or isels hi

^{1) (1)} Mr. Okabo's Memorial, dated Jan. 48, 1988.



a ing soldiers, but no means to tike care of this existed; messenger after messenger from the Military head-quarters came with urgent pleas for re-enforcements, but the government had to send them back discouraged. The great embarrasument of the rovernment was beyond description." (1).

Examining the statistics of the jovernment expenditure, we find that the extraordinary disbursement for that year alone reached the enormous figure of 35,000,000 en, while the whole of the government revenue for that year from ordinary sources, amounted to no more than 3,300,000 en. (2)

Now the question which demanded of the government

And Against

Immediate solution was "How to meet this enormous expenditure with an empty Treasury?"

Many engagestive plans were turned and not applicable to the situation. As the first step towards the solution of the problem, the government issued an appearal degree three days after the declaration of the war, that "all the Toke awa domains should hereafter be under the direct control

13 3

of the Imperial power". (3) This was theor finally a great



owards lite mediantion or = L6V gre1 nugerical economically true in nor afford an openulars the towards the Cormation of a new since it was practically impossible for an administration to confiscate all the domains without putting itself in dan-Mer of creatin, was riots are at a rine when the empire wa in an seeminaly unsettled condition. Even had it been possie. lierble to obtain all the arrears, the whole would not have sufficed to meet even the ordinary expenses alone. As has teen sel be ore the erritorial nobility still continued to execto power of gove ament resolution in fovernment of the from the second centrastion of about 700,000 gen for military purposes. - mment Neeren therefore to tale shother stof .limel; On Lay 1, 1802, * o Livero. 15 aca omestic loun. Accres wase to special over the him to special Sister & heller Aone to receive for its break age - - - - 1 to be file of - n. tional cricis, it is the entries to solve the or peror to serie the court according to their scility and occupation += 'nos: v.c r.ve coldness on coura e. the Imperial Arm : I use who have means, by contribution to X Wards 'ne military form. Thus each and every one control

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coportiont, of foliality of vice the second A air in - O'let .! le' er c: Un Treasar ures . to Matsaurta (A w Count), ne lover or or ands Prefecture. We would that the covernment has tes terring from fire reial difficulties and call not mage the ares in more at the Imperial Arm, in the citela. We window In tie, erefore, that your look office, beauty, his emharrassment in mind, root express your svecesa in reising loan immediatily in four Prefecture" (2)-Lit this measure was intended The only temporary relies meet we an urgent emergence, are Oving to the lac. of confidence in the new jovern ent together with the Pact that the Tokugawa government had employed a similar measure before, the people were indifferent towards the admorantum we the loan. hopecially at the that the condition of affairs, he worked more wits min to a twinling or tried to escape from the subscription. Although this

sation see. For the layer we unspatrion of the division of the country, ret considering the consistence of the true.

^{* 5 (1)} Her-11-Car-dar, 101, I., p. 119 Note: Her-11-Spr-Str, Vol. I., p. 109.



at at all surprise . Count Okuma in is "Remi: iscence", rives 🗯 ab instance illustrating for there it was for the officials to make lone for and over ment us. The sais. "Which the overtwent wanter to be for an American vessel, the "Stonewall", " ich mad been surchased by t e 01a Re imé, I was appointed as the sovernmen, commissioner for the settlement of the matter. Lut us the se was no mone; in the reas my i'r fels purpose, I went to Osuka and by means of violent threats of the part of the local arthority, I could reise only 250,000 $\frac{1}{2}$ n" (1) I is was the result of the measure in the wealthy city of Osaka. We can judge of the diffficility of raising the remainder of the desired loan in the other cities and provinces. There was an instance in which the government was forced to corrow 100,000 "n for ten days at one and half per cint interest. Thus the amount raised in every possible way, was notesufficient to meet the constantl increasing outlies. " he loads o tained", says Sount Oliuma, "tolet el with le mone handed over by the Shormhate are the lines or lift on the Daingos

^{[4 (1)} Count Okuma's "Resiniscence" Lo. 1.4. (States as 1: was published in the no-C-1-Shims angl.



and extraordinary courses, of about 9,040,000 pm." (1) Anni Since the expenditures reached 2,000,000 pm, there was left a deficit of 15,000,000 pm. The linancial inficulty of the reveniment had reached its climax; and this jovernment was compelled to resort to more permanent measures for the salvation of the country from its financial perily namely & reached the issue of a paper current.

As has been serie in the foregoin, pages the financial condition of the overment become so critical that the effect of a moment's delay would have been serious. At this time a plan of issuing paper money was proposed as a means of saving the proverment from its financial peril. The originator of the scheme was Mr. Eatsuro Mioka (2), a retainer of Tetsulen and a councillor of state, he was known as an able financiar and had wen the confidence of such senier. And statesmen as Messrs. Kido and Okubo. The plan was similar to the "Land lank" system of England and the "Faper Lank" system of Rhode Island. It was in brief to isome paper notes, 12,273,000 and upon the cultivated land of the Empire for

^{/: (1)} Count Oxuma's "Review", j. S.
/: (2) Now Viscount out, a member Al the house of Poers.



securit, the circulated for thirt at lears.

As to the subject of the issue, Mr. Mick. said "For Forme time I had stron conviction that if we woold issue a piper money to be circulated throughout the Ampire, this expandin : out the medium of exchange, we could lar a sure basis for the commercial and industrial prosperity of the country. --- For although price to the issue of paper money in my province (Yeshizen), we suffered from poverts and hard times. met since the new meatum of exchange (paper notes) was put into circulation, industry and trade had spring up and the provinces which hitherto had no coin, had now become a wealth; country with 350,000 Rio in c in. Having this in view. I sought to bring my belief into realization and explained my plan to bll the statesmen of the time. But own. partly to the seeming radical character of me scheme, and partly to the importance of most public men in respect to the matter, ther were much opposeds to the plan which I thought to be the only means of savin the country. possible to settle the question, the love over the called an assem by or corneillors of state to complet to sprestrom. Thus, we 11, to ether with the members of the Imperial hous: hold wast ground the Throne on January 36, 1768. The metrod



of proceedings, (this set offer the Worth Profit and the rules were inown to re) who may atom be; not measure press that to speak on the question be turn. When my turn came, I emposed and discussed at some length, the necessity and benefit of the issue of a paper money. My statements created great excitement among those assembled, and an excited discussion of the problem, pro atomic endure. The find result of the measure was the order that my profsition be accepted, and I was authorized to make proparation for the issue of paper money at onco. The find the intercarlary month (for the twenty-second of bay to the ninetest of June), the Dai-Jo-Kwan (Jentral Jovenment) is used the icl-lowing proclamation:--

"To create a sure basis for the prosperity of the real, or the receasion of the reformation of the Imperial foverment, after mature consideration, the issue of paper some that been decreed; and according to his Majesty's orders this paper money shall pass current in the whole espire from the present fear Tatz' to the next lear Tatz', i.e. for fairteen years, that by it the governy which reigns every where in the count money is fleviate. The rules to be observed by the Mr. Mioka's allowed on the "I shall be the paper holes" notes in Mer. Ji-Ser-Shi, Vol. I. ep. 11-115.



are mentioned delow: --

"The late from which it will be put into ence to tion shall be published to the proper sothernines to all proper ple, even down to the lowest class.

"bal-Jo-Kwan,"

"As the in roduction of paper more, has been decreed, if want or enable with to ordain to their indexes, so that for energite, thousand <u>kokus</u> from mar get ten thousand <u>rios</u>. They must submit their wishes with recard to to this to the proper authorities.

"With regard to the re-payment than will be obliged to pur every rear, for thirteen rears, a tanks of the sub-leng oa munt to be made in rotes, so that at the end of the next fits, the reparant mill have been affected.

The provinces shall bear in mind that according to the intentions of the imperior, through the paper mone; lint to them, a sure basis will be created for the prosperity of the country. They shall dee it, therefore, to assist industry to much as possible, and to benefit their provinces.

The government of the profiles cannot be abled to the start notes.

"To a smercha to at known of Soto (Osoka) at

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anount or 'usiness'... teams the first the relative with the amount or 'usiness'... teams to relative the second teams the relative teams the relative teams.

Salvansho districts in the whole country, and in the territories of the province at their desired, after their fortise has been decreased, locals shell be lived on the carrying on of their business. With regard to the reparent, they shall pay every year a convenient part of the sum with the interest.

Every where, in the maole country, the same principles shall be observed as with the merchants at Kroto and Osake.

"Such notes to are sent reported at a least remail to destroy and the Kalasik (com. (c)

"From the me of tent this fear between the tirst and seventh month exel sive, ten pegcent shall be returned at the one of this part from the mone lent between the seventh and twelfth month, only five percent.

²¹ J 41 Jacini 1 District. 21,1 42 Specia for lineage.



"In . Industry, the order will assume extract of the contract of the contract

According to the text above, the sole object of result: the paper money appears to be of a create a sure table for the prosperit, of the country". Lut if dis were the ean not understaid wit the measure was adopted just at that time. For the loveragent knew that the overissue of the clan notes had already caused their value to fall to it's lowest limit, that 'me people would retuse the circulation of paper note of any kind, and that, consequently it was impossible for the government to lar a sure basis for the country by introducing a medium of expeopl. dislike Hence there bust have been some other inpulse by which the rovernment was driven to adopt the measure at this will vorerene of the Measure to most

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We ms' du , man de l'entre r t t t t de l'estated 1 The fext was make preferso of the love mucht, ##front an sarrose of putting the maggare into actual objection. It was the capital of the count The Title 20W1. 2ACH try, there acho to me extend to Carlonal loads (r. Morecy r, the amiliar maker ment that "when a people becomes wich, the King thereof will also become rice. still recarred in the bands of the efficiency cills of the multi. Under these influences, the over son it to exaint to proble the varue not are to extend in a usiness on account of scarcity or of Ital. Groti: *:= words of Mr. And ... is a criticator of the schere. "During the Kelo Period, the Toma are ever see telled ... Western ast in, no in . . / her of stit. I to toll bear and the event of the The state of the s county Jan would reme for the object of thom and over e etit o' . - cbir.



100 - 0 1 Winciples willtie I all the Lames But our object was in levery from that it rus to in the ecol careving on industry ! (1) The serping no state after the proclamation was provided at the government established the lurear of Trade and Innustry and took the interfering regente in Lidustry a. commerce. (3) also time that in accordance with the clause in the text, govern ent loaned the notes to merchants and farmers, although method of knowing now miles the se recent ven. the statistics of the "Government Revenue" for the second fiscal term (Jar. 1809-Sept. 1809) wi find an itum, "Repayment of Industrial Loun" which amounted (for that year) to 4,405,000,000 men. Time, it is evident that the object of tri lovershent was two-fold: to defray the expins sol the jovernment and to increase the national capit 1. "There was morsover", lags Copit Onland in his "Review", "a belief her o. capital in the continue, among a only a very least than had

^{2. (4)} Mr. Micka's ad rest operation in Nerver-Sir Cir. Vol. I.,.1.
(2) Med-Ji-Sei-Cir. Vol. I. p. 1.1.



tor the overcoment, entropy is a first five or six some of its existing to raise outsides. Under those circumstances, a resort to the issue of a paper currency became absolutely unavoidable. (f) And that omission of this principal object of the issuing paper money can be justified by the fact that it might have been dangerous to be existence of the newly organized government, of its limited envariancement as less exposed to the public at the time of a mational crices. (2)

^{&#}x27;(IF Ohn a's "Review" p. ..,

^{(&}quot;) A: erwards five other Aidds of release in a seven in circulated, the jenesis is a characteristics of which will be considered in Chapter III.



:- CHAFTET II. -:-

-:- CIRCULATION OF THE PAPER MONEY. -:-

Thus. The proclamation was more with the view that the notes would be circulated as soon as they were prepared. Mr. Mioka and his subordinates were busily engaged in the preparation of the issue. In summing up the work and the difficulties, these of ficials had to pass through, Mr. Miok: says: - "Since the may of my appointment to this important office. I pledged myself to labor for this great project of the government jast at hard as my strength would allow. an unexpected difficulty who the incrembe both in the number and influence (of the measure of the opponents/. They employso many assassins and tried to take my life, thus to check the completion of the issue. I did not care so much for my life as for the plans of the government, for if I fell under the darmer of an assassin, the work we had und estaken might never be accomplished. On the other hind, the messenrers from the hattle field came as often as three times a dry , and brought urgent pleas for reenforcers, it. In this deriverous situation we have placed or the works did and ni it until most of the requirement countries; represent

⁴ E) y 1-J1-Se1-Se1, Mol. 1, j. 11 - - 1



On May 9. 1 . 0, to whot if ich who " - contest government is in it, we stating. "The paper expression wasch has been decreed, will be circulated from May 1: 1 6: - (1) When the time fixed for the issue of the paper money atbroached the opponents in reased their efforts, and finally compelled the rowernment to postuone the issue of the remark These occoments were not shour the traders and the merchant class, but were found among the Daimyo's and The cheff cause of this mesure men have Samrai classes. been the interest of these classes who were benefited by the currilation of the "clar-notes" and whose interests might be by the sire dation of the new paper money. To un-The bonhardseine world on the ware placed in. a sin refer to the or s of Mr. Micka himself. He says :-"In order to be in to direulate the maner money for the date fixed by the degree, we had made all immanments for this purpose. It is not an erer task to make such presentant It the fine when we have no telegraph applem and no sort cand

^{2 (1)} Kempo-Rai-Hen, Vol. IX., p. 20.



eistribut on of a language now. " - language now. "tions: " " he and I' as our infini on to eigenface the next day, to our evert supprise the control that, in or or of postpone ent reiche us. Indeed, this was many rexime question, for there was no day to stor the eircality on because we had already sent the notes out to the agandanal cities and towns orderan the local authorities to distribute from: Even if we sent out messengers to these places, they could not reach the destination before the time assumed for the issue. I explained this difficulty to the authorities adminey did not know what they could dome The nuestion was how to stop the circulation. I told them there was no only to ston the directletion of the notes which wire went of Fat I had one plan to stop the circulation of those in our name, without alternating the fearer and without weakening public confidence in the commencet. That was to set the Ni-Jo-Jo (s. building where the notice were stored) or fire and estroy the notes; and then I for I: all Eggelf. Thus the soverment hould thromesty contact the would postpone the eirenfeltion arthough a just the frauth of the administrative." (1)

 $^{3 \}xrightarrow{\ell \downarrow \uparrow^{\ell}} \text{Mei-Ji-Sei-Sni, Vol. I, p.11}$.



Thus the robles of the following returned to its original strikes, by the objection of the nobility and the soldier class. But the condition of affairs who so critical that Prince Iwakura said (-v"If no noter the is sed, the soldiers on the battle field will starve," so the anti-prince character of the matter roble and robles of the anti-prince character ordered Mr. broke to no on with him work not increase strongly upon the limits opponents made such a stubborn resistance against the government that there was not instance where General Saigo needed to no to Shimonopuli (I) with an army in order to enforce the measure. Thus I through difficulties and hindrances the first paper money as issued mut circulated on May 25, 177.

Mow that we have considered how the first paper money will issue as what difficulties the overment have faced, let us turn to the results of the issue as Frield of the measure which the overment adopted for the alreadition of the sets. It is a difficult task to introduce a new institution path is a early difficult, if not horse, to early threatenths seneme stemments. When the place of accurate paper courses, will projected, the contribution set with

⁽¹⁾Mei-Ji-Sei-Shi, Mol. I, n. 1114



manifold difficulties owill partly to the 7 normace of profit udices of more difficers against the plan, an partly to finedefiniteness of the rovernment's design. But now the feeting to circulate the more among among the people, the difficulties become more surious. Every merchant are tradesmon refused to receive it. In fact, the money almost certed the circulate of all. The causes much led the profit to this general refusel were as follows:

Pirst. As his been stated before, this being the first paper money even issued by the central government, the people and looken at the measure with very little confidence and consequently with puspicion as to its credibility. This lacker's confidence in the povernment or the part of the recepte was the principal cause of the failure in circulation.

Second. At that time, the monetary system of the clan noverments was desperately consulted, and the central authorit being busied by the reference of their own administrative organs are by the efforts to suppress the Rebellion in the Borts, was not able to refer it. These Tolars overments These there are essents the connection of the persons are represented to the contract of the persons are represented to the contract of the



Thereasy, we notes, whenever the change who benefit of late their Tremany, we not regard to the must be an incomparation profes. Through this inbitarry fine on the enterest of the covernments, whenever this illustration took clase, the people suffered area loss. Tatarelly they looked upon the central adversment's notes in the same liest as they need looked one can be clonenotes, and not no confinence in the next, introduced means of exercise.

Third. In the fitten to the descent consess there will more specific the integrate on se, namely the indefiniteness of the of the set of fact. The set does not there any refinite statement of a limit of a clistic notes of a part of of recemption, the following "one notes of a part of years of and the costroped in the Kri-Kre-Kyok. (Pireck of Treaspary)".(1) Now, although it was attitled that the object of isolar the paper more; as to laptice formation of a tronal prospecity, set the people knew that the real object was to make up the derical of the real object was to make up the derical of the real object was to make up the derical of the real object was to make up the derical of the real object was to make up the derical of the real object was also not fit the more; lend to the really much be really may

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	. "

Now the company of the report of the contract was

These causes together it, other minor motives browns the value of the paper money down to its minimum.

This depreciation began literally with its issue. Every personnes in cities refused to receive it for its rice value, and the people in rural districts refused to take it at all.

In consequence even in the three business centres of the country, such as, Tokyo, Osaka and Kyoto, it was used only at sixty per cent discount.(P) In the provincial districts, it was not circulated at all.

How the povernment faced such difficulties and manifold them is our next consideration. One of two measures the overnment was obliged to coupt; either to abandon the let altoration of to enforce the act with lower. No middle course was left. But it was impossible to adopt the first course, on account of the critical purpose of finance, the best rejectedly intivited. Hence the second to say the system to only one to water the covernment coefficients. In

^{6 (1)} Mer-J. Ser-Shr , vol. 1, p. 20%.



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The covernment of the form of the country of the covernment of the product of the "compared of the country of the covernment of the country of the covernment of the covernmen

^{7 41)} Kempo Kar Han, Vol. IX, p.



pa. "money. This appeared in the form of a goodlangs then that "all tixes shall be nayable to the personal done of the nate way for the directation of the nates was opened they could find some depend and consequently the value was maintain, returned way for the way the nate of the nates was opened they could find some depend and consequently the value was maintain, returned was then, adopted of the nate "board" but "boar one who shall net was, then, adopted of the nate "board" but "boar one who shall net was, then, adopted of the nate "board".

But notwithstanding the enactment of this safe, the people refused to receive the paper money, and there were many who were thoughted, but the paper money, and there were many who

Thus, although the covernment exercised its power in possible rays. The file circulation of the covernment notes the natural codes as events codes not be prevented by a notes because treater of the raple's declike for the paper notes because treater of the rall in value of paper mone; who still estimate.

File conselled the surveyment to take when altowerser all over policy from wat it had the rate of the

⁽¹⁾ Kempo-Rai Hen, Vol. IX, p. 46.



mer deer. I proc. of prohibit or between specie and por recealed an permitted the race of the copies more accommunate 100. With the announcement of the lew tipse sho were imprisoned as the violators of the former de-But this ser lot Charles differeree core rolesaud. ent value in different parts of the country and there was no way to estimate requestely the income of the cover maent. Therefore, the covernment issued a decree which stated hat "all the taxes and dues should be paid in the paper money as well as specie in the ratio of one hundred and twenty rio and A moved tio: that the covernment would say its outlay he paper carrency in the average value of ten days है। सन्तर कर है। है। इत्याहर के इति इतिकार के किला This decret was issued, th**e** से value of the parer money because fluctuate so really that the overment, before the sauthern was but into operation. Torce to amend to decree and to change the 1 at change ... are, foremment outly; and calaries would be a id in a secmone; with the situate specie stited, namely, one hundred

⁽¹⁾ Mei-Ji Sei-Shi, Wol. 1, op. 00 -201.



and thenty of paper to on Ambient of conf." (1) the result? The proble still of ntimed refuser to receive at; all kinds of busines. fell into a state of strong for, . some of the wealthiest merchants closed their doors and many smaller nowses were drowed down by their fall; he distrust took hold of the jublic mind and commercial credit : a greatly injured.

In 1869, the government determined to bring it up to mar and in April of that year rescinded the 1 st decree and enacted that no difference between coin the paper money sio Al be established, announcing furthermore that not only the violators of this law shouls be manished but also the near of the province of maich the transgressor was a demoit; Ine forernment also promibited any exchange of paper money for coin exhapt and cas a where the change was an alternate nec sarty.

But the natural course could not be stopped and the tendency of the public will could not contain be enecked peopely by mails turing as legislations are edicts, if they ward not rightly applied. Thus, when the core emment tried to

[/] C 417 Mei-Ji-Sei Cai, Vol. 1, F. 20 .



raise the mineral and a stable and of the re-Ket walke of the poper money, the vilke thereof fell; which it was derivated that the notes be circulated the grout the convice, they deturned to the dities: near when the paper money was ordered for use in daily transaction, it lost the outlity thich would make it the standard of value and conseently, of adjustment of rices. Hence in June 1979, the government was forced to issue the decree making the paper currency redermable in thirteen pears, announcing that either it sie la be rede-med in soin by the end of 1992, or if this Nore not done, interest at the rate of six per cent. Dao-1d he "mit" upon the whole amount in circulation. "(1) a nounced its intention of abandon the issue of large quanti ties of paper money waich had been contemplated and to de-Ltroying the machinery that his been erected for that purpose, one further that any one found offering a discount upon paper The thirteen year. for which it 4 money Shouls be fined. Rended to be used were shortened to five years (3) the maximum amount was limited to the existing sum .

^{// (1)} Count Oxuma's Review.
// (2) Count Matsukata's Element of 1 00, ... 335



30.00.000 pro. Three last me sures stating the maxrum amount... no the term of ridemption. He stability of retio of exchange of paper currency was established; but the .. lar र कार्या prevaled mong the people of provinced Eistricts. Consequently, all paper money come buck to the cities and specie left cities for the run I places, that a server of metalic money, in cities resulting chemeral prices mose and the people in the cities fell into still prester distress. The overment vainty attempted to lesel prices to the cities and provincial districts by distributing paper money according to an amount of the products of the farming people, and on the other hard, distributing coins which gathered in the country places among the city people. (1) These olins being unsuccessful, he government was forced to withdrow the transformer telephores thus distributed.

In Jane of 1970, when the Pebellion was suppressed and the Bookle beautiful know the policy of the Greenment, the decree of instead to the prefect and should form the face to consider the processor. The constant of the Bookle beautiful to the processor, the constant of the processor that the processor of the pr

¹⁾Kem-Po-Rai-Hen, Vol. IX, p. . .



e data plant of paper Transy with restrictly opened, until within a fire months, in the planed as par (in without with species).

Although these lenselstire mensures and the once in a bringing the value of one correct to fact point, yet there lerr the completed by calles by that is sacress was not ined. namely, first, the increased confirange of the people in the covernment; or condition despends condition of the charance system of the Ole Re. and. 14 The depreciation of the paper money was not caused by over is the that by the hock of confidence of the people in the Hunga, when the Civil West and over, when the social order was restored and the people understood the plan has rolley of the coverment, the confidence and incracked the the arrester con of the notes began to of Motwitustagilar the fact that the issue of note: m. ... re: tl ingressed, get the wilke robe not only to par with specie time wither street - ins exciten, or and out +(±)

14 (1) C unt Metrakott | Flance | Lie ort of 1 50, p.



2:At the close of the Tokarie Bereid, when the coverment wis in the stress for Inch of finds they melted out out tours has re-coined an inferior money with allows. tary increases to full amount of convency and doces-Moreover, when the central nover of the Tokareal value. in a government become weak, eich separate feudal local your rement gracticed this process of re-coinage. war, when the Restoration was established and the new government was formed, the carrency system was grievously to exa ss reelyt corrected. [411 ood coin was either stored in the the using too, wealthy men and withdrawn from circulation, or emported into foreign countries; and the coin in directation confidented money which he lost the hulli'r permittig, if 'o ber standard of ralue. wed agree its that coin of the dame denomination case to have many different values recording to the cuentity of old if e intra neo.

In a dition to trese some digital coins , they have so called "cl a-actis." (A) Soliton of Perton and a



Sell is future, the older fund to engineen termal reforms of "alan covernient" so over-sound tonotes intil to any no value. Although these notes were eard disted only within each clan, yet he have his name -s liv adopted and its over-issue as lead the tande of the whole country. Then, the recole suffered from the sitthe trude of thin a clin, the employability the infrom over-issae of the or or carrener and. In the the clan. From the circ dation of the counterfaited honey. Nor the cry for a uniform correct system of currency came from all parts of the Empire. Just at that time , to Imblines sent formeron et that because it notes would be exclammed for the local coin and the uniform monetary spstem would be established within a feet vesus. Attack, the government succeeded in reforming all corruptions and in assuring the public of the fidelity of the administra tran. With the confir wars in the covernment, to credit of y ser none; who increased . Thus the followed of the "cl n notes to the country of the Ole Reput was turned the manufacture of the second of the other



-:- <u>C.APTER III</u>, -:-:- <u>INDS OF THE PAPER HONEY</u>, -:-

tion, the prevailing paper money was the so-called Hansatsu, (Clan Rotes), which had been in use since the sevent enth contury. With the new administration, a not current of a settem was instituted? under which there was another issue of paper money. This new paper money as of eig kinds, nabely 1. The Dai-Jo-Kwan-Satsu (Government Rotes), 2. The Min -su-Sho-Satsu (Civic Department Rotes), 2. The Kni-Taku-Sho-Ken. Treasury Convertable Notes), 4. The Kni-Taku-Shi-Da-Kwan-Sho-Ken (Colonial Department Convertable Notes), 5. Shin-Shi-He (New Paper Money), 6. Kai-Ryo-Shi-He (Improved Motes).

man-Satsa. In the period of the awar-fun (1561-73), Matsudaira Tada Masa, the Prince of Fukur, having suffered financial embarrassment after proclaiming that the Tokugaw. government had not fulfilled its promise to grant him admitted territors, I range the Sacosa to live periodssion.



of the same and a sot of the second later antrambas to matery. In a set oni , of class tes, nich sen circulated until the scolin ment of Han (clantin 1972. In the sen-Rola (1988-1701), man, South-western provinces fol-المسم - lowing the Pakul experiment, issues a silver notesto a considerable extent. Since that time the foundal nobles who anterwirron financial difficulties asses adopted this measur. t-of the provovinces from their easers as ent. Although the Tokugawa government objected strongly to sur randering the exclusive right of coinage, it was compelled to grant this right to a New Daimyos. Now to restore the right, "in 170" (Boyer IV) he covernment prohib to a the turths issue of all such money, in terms wife, sem & To include also even the subsequent circulation of what had been alread but fort ... In 1730 (Kyolu XV) it wis found nicessary to repeal this robbition, the object being to olster up the price of the rice. The permission applied to rold, silver all copper 'ill equally', and as to continue for the Daimyos

⁽¹⁾ This laws of paper moner has introduced from Chine who had the existed since the Dynasty of Kan. Moi-Ji-Sei-Shi.vol I p. 367.



to 00,000 kern of the freeze transport of the first transport of the

These silver no 48 ment of many denominations. In Fully (Etsalen), for instance, where the earliest issue of clar meter took places, the denominations were 1,2,4,4,00, m, 481 100 deans. If we I seem that fore of his issue were not not replaced by a large of the instance of the first section of the first section in many replaced by the description of the property of the many for the redemption of their issues and in many page their notes has a large wire last on obtained their low ferm.

Various of the redemption of the first one of the contract of the

上文社) Them Lette Control A lutte Society of Juping with XX, Suglement, p. 189.



For a constance, Prince of in the A name of the second of the core of the co 11 or 10 orge of notes to be small in 1 dec of - of bilter. If will a bilt as he hadgroup that, the live someth of coincid here; when the Old e Deligio, in a p cases felt o emselves compelled to ital. -e sife.lation : itsmirg puper money. In other cases, the decessiff amount of the resolution their or field for to paper money or as acent facts of following the example one in neighbors, and the separation are rain on their ord for the remaining mentages and the proper money was remore to to the -1 to the most also be perfectly broaders embate rasement in it worm in a foxes will the official money-lenders wer powerless to relieve. (1) At the time of the longtion, to over-issue of an paper not a made of il in the value of the callor ispara short a file is not a say the first gara. The to room the randit tasies puper to a

 $[\]widehat{\mathfrak{J}}$ (1)Transsactions of the Adultic Coretary Popul, Ad. XX Supplement, p. 189



to by a cold method state of the arms of a carcadation one was neces analy contract When the halo (class) here a olished a a the country was redivides itto no fedturas, the distribution at the coextrant was the centralism include solutions. In anchorage const. I had of elimate. But he exist could be class to the most contract that a second contraction of roversment, for at that time, then we'r in circulation, ima, incolverta le correncias; i-succi by the iliforeth autide1'155. Loreover ing was not only determined to ins communication in a state of the district, in the allocation of the district. And the late does not the Charactert, because under the clan note that legal tables, and government rapidlish to be cuping them with volume of the contraction of the c the gran-motes of I for a consequence of the entry of ent, within dectine the interior in . .

calating to other send of the terration. Second ...



it ills millar 60 . and the of the second was isac or such as a community of the relative to reversing all inspection. Finally, the openment attempted to exchange this elimenation of over 20 targs. In the agree 150 in militar, 1871, mercar, " or a supple a situation in the second of ions in the , and the different of the one instead jeneroes, thile the exchange value of the notes has belone extribely confusing. Now that the lans are atomished, west notes should be exchanged for the jovernment holes according to *It exchange value of order. (4) Latin on, it was endered that "one plates as are used for planning the note , and the diased meterial cost1 to rake by the anthorist in the

At the close of the Tourister in the trace variable of (Times), If New (Touristic orange), the object database (Times Petalners of Touristic orange issues of paper mone) were extant. The notes were of carlous kinds, and of sittlement denominations; than, made 1.94 different kinds and .

desired ed". (t+)

⁽¹⁾ ner-Po-Rui-hen V. 1. IV. 1. 1. (). 1. (). 1. 34.



made of the attract to value of some of the property of the contract of the co 000 e.g. At list, is overther ordered the pine of ligmidate all the noted in circulation within each terms only, the owing to the inability of the Lams to do so, the overnment was onlined to assume the healthit for the entire amount. To accomplish the frommation of this limiting. the overswent determined to exchange those clan-notes for the "New Paper Money" (1), his unifying the current system of the country. -ut soon the government found two difficulties in the way of carryin out this measure: 1++ he heterogeneous kinds of clan-notes, and the existence of notes of small denominations. 24-The absence of an provision for the exc. on se of these rotes. Owing to these difficulties, the covernment was forced to postpone the exchange about o permit the circulation of the clan-notes for availe as before. This last measure, horever, preated discredit in the clan-notes, netwithstanding the romise of the overment to exchange the clan-notes for the new currence. The appliant of the han ha the establishment of prefections, creater considerable contasion in regard to the leananies of te citery,

^{- (1)} See p. 54.



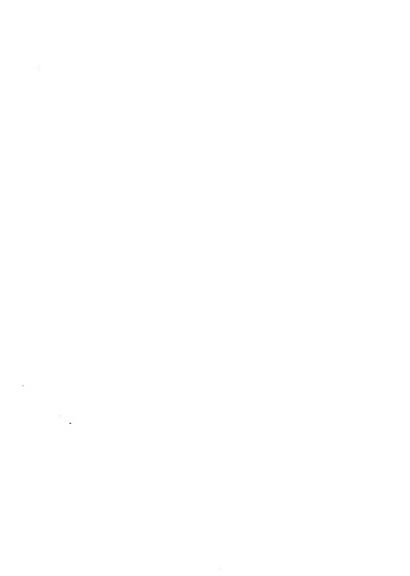
ince e talle in to alto et a correspora i de new professione, ... in equipostar, time vasialso reconsion of the limits of the circulation of the clum-notes. This caused the depreciation of the clan-notes. To overcome this difficulty, the covernment distributed the schedule of vatio metween to all a-nites and new currence on one hand sed on tis withor, Tt sefined he boundary lines within which each clannote should be circulated; for example, in the case where an of class now same uncer the jurisdiction of more can one political division.according to the new system, he clan note could be circulated within the new political division, although it might be outside of the original clan jurisanction. In order to raise the value of the notes, the backs were ordered to 1. In the notes where they here in most copreclated in the overnount, at in smeetime, adentook to cutc-1 all the notes. Sicr notes as not escaped from the In Ms, either for the reserves, or for the repainent of individual loans, or for taxes, or cues, were destroyer. - ut no-provision being made for the exchange of small note, los than " se (cent), the exchange were to be postjoned attil the small coin coul le le lemanted.

In 177: The the whole provision for the excellinge - :1 $^{-1}$

è		

the notes above tive <u>state</u> for the new currence, (and the notes below that denomination in 1874). The recomption of the offer notes was complete in June, 1879. This conversion of the clan-not s was one of the most important measures undertakently the new povernment. It facilitated the free exchange of commodities and developed the national economy, extending the circulation of the people in the government, and finally, unif in the currency system of the Empire.

Dai-Jo-Kwan-Satsu (I) (Soverment Notes). The Imperial Soverment Issued (Ale note in 18 % with the intention of South Carry I in circulation for thirteen years, we the sho of which the self-kness notes were to be converted into coil. Later when he people be a to discrease the most was shortened to live jears. If he notes were not a deemed at that date, interest at the outer of a should be parentled. (1) Off. weacters I and II.



institution, the control of the Jovernment Note, were as follows:

Kinds.		nds.	Amount.
Rio	10	111	Ric 23,032,000
17	Α,	*1	" 5,939,000
u	1	11	" 13,485,000
Ьu	1	15	" ,1.1,000
Smu	1	19	1,070,000

Frese war 10.00 from May, 1908 to Lecember 4 18 Q

Lim-Au-She-Satur (divis I spart. Thes) This was respect by the ordinance of September 1907, they divid Department (1) and the kinds of the order of the order of small department (1). Attenvance of the order of the



nesses of a stood in the order of a puritary organization of the decree status the office that it is a series, we read, "Owing a set, fact that the existing of the read of the existing of the series of the existing of the property of the existence of the series of the existence, the largest fact it convenience in the full transaction of the states across the largest fact, and the not a of largest denominations, and the not a of largest denominations which are exchanged for the smaller small be destroyed. (1).

The fourth noise very issued of the same exation of the community of the fourth of the one of the same exation powers at the same exation powers of the same exation o

ior and Justice D-martments.
(1) hem-Po-Rui-hell Vol IX, p. 70.



The real rill described - "The real contents of a second content of the rill described of the range of the ra

Denominations.	And that a			
T c-111	Z, 83,000 mic			
One-15 "	0,407,000 "			
Two-Si.u "	1,093,000 "			
Ons-Snu "	315,000 "			

The issue began in September, 1809 and was completed in October, 1870, and in October, 1880 the points the lower thank notes, for exchanges for the "new Priper Mont".

0-K va-S. (B.-m., 1-2 o-Ker (Tree nor locaters le notes). These notes were issued by the ordinance of October, 1871, in the near of the Mitchi Co.p. (1) The object of

⁽¹⁾ The House of Mitting to under eight in the Inth Charlet in Kyoto by a man to the table from home home, o province in the West. Contradictory of cries are table to which of the fault is masters first from 1 to province the contradiction.

2				

issuing these antes as two-fald; prinacily to natral overament expenditures, is a Someonarily, to the invited old coins which was allocated in the country.

The year, 1871, marks the abolition of the had(clas) and the redivision of the construction prefectures, and the administrative sphere was correspondingly extended, gaising the ordinary and extraordinary expenditure to be increased to 57,730,000 rio. On the other hand, owing to the fall in price of rice (1) which constituted the principal source of the overment revenue, the income from both ordinary and

righter skill. Ross now has color, its earlier dues; but at an outer he long the elegan to vicit the house, and after one or two generations, it seems there's with house extending to all parts e. the construction construction of the house standing to all parts e. the construction the chief storms term out it. In many, one for each branch of the hills. The he seems the name of "Beni o house"; and seemither the last diduce e. the little cent of its the seems that Kaumpier was affine to the extent of its consecuted operations to make appearant on it is consecuted.

⁽⁻Transactions et 400 Asiatic Society of Japan) since the Restoration, this house has better as a fine heigh agent of the overhanent.

[/]C (1) In 1871, the example piace of fice as 4.77 pg general that the minimum parts was 1.91 yen.



enterest we have a second of the second of t

To . . up this determ to measure, order confidence ene wee, the ide of more inconvertable notes, and the offer was to the of the class (labelland) which where polite i fre reason trom time or ing. And him or of the contrast were practicable; for the ormer mould be contrar; to the decree amnouncing that no further issue seemle " made of the latter woode on the sirable at a time when the overshort we planning to establish a new confact a stem. The varies of specie fell ve / loving the people Wislinia to year to - dain. At their time to election they campelled to story old to source possible to one or to orepare I ladic for term offure coilage, so that the ille of the c in the government of ready possessed was not to be thought off. Hence another measure was sould . This science was to untrodize the confidential private competant do se to ital. and is a reculate to m, the adoption of one scheme has the one stage of the term of the consider and rates and the consideration of the consideration of



to feet the seriest; 35-A large quantit, or specie could se collected with comparatively little expense.

The Method of Issue (4) The Mitcui Company was no more than a government agent in issuing this note. Whenever the Treasury Department wanted mone of se Company received its carder with the reserve aqual to one half of the amount of notes to be issued. If exchange and species were de-Mended and the demand wer. I star than the measure received, the company had so right to decand more of the overnment! Hee nuts of all tre transactions were to be subject to jovern ment inspection. In the case of uestruction or loss of the measure either by fire or theft, the company were responsible tor the loss; all expenses incurred by issuing the notes, seslin them, etc., should be point at a compart. For all this trouble and work, the company was permitted, for compensation to have twenty percent of the total issue, for "heir own use without reserve.

This compensation was clearly excessive. During the perion whis the notes were in girculation, the company

⁽¹⁾ Mei-Ji-Sei-Sri, Vol. I. p. 80.



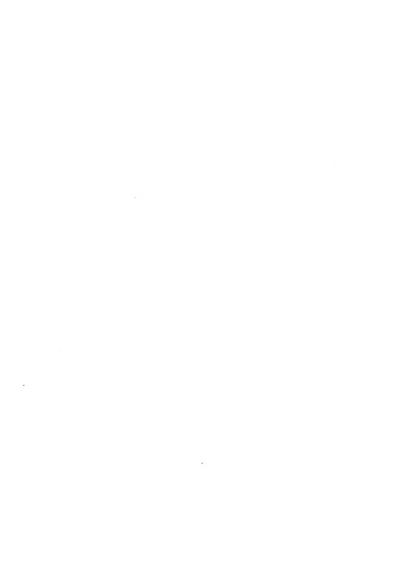
the notes issued. Or course, this note were convertable,
the Company must have some reserve, but so long as there was
not too much demand for redemption, it could use the government reserve, it need be, since there was no definite rule
the exchange for the coin, or in direction of description, while
elstinguishes by notes in the use of the government, from that
of the Mitsui Company. Again, the expense of issuing the
certificate would be very slight and, moreover, when it had
thus privilege, the confidence of the government has enriched
the company in an extraordinary degree.

It was not long, however, before the government frum, out that the compensation of the Company was too much for the lattle service, as man rendered. In 1872, the government established the system of Deposit which was intended for exchanging he note. Since then, they have changed the contract with the Mitsui Company, and now although it has the use of one fifth of total notes in use, has before, jet the Company is obliged to exchange one fifth of all notes assumed for redemption. After five years, the Company had to pay back twenty percent of all the notes issued to the



Treasury Department can uring that length of these the Company had to deposit twenty percent of the sum in species on which the government should pay reasonable rate of interest. In sort according to this new contract, the compensation of the company was the privilege of borrowing the money without interest for a security bearing interest.

The original intention of the government was to limit the amount of the notes to 4,000,000 yen; ut as the financial difficulties were critical and the issue was intended to meet the deficit in the revenues, the rovernment was compelled to issue more than was ori inally intended. So we see that the amount of the notes issued from October to December, 1871, reached 4,772,000 yen and during Jan. and Feb. 1872, 2,028,000 yen. making a total of 6,800,000 yen. Notwithstanding the enormous increase of of the issue, the credit of the notes did not change-at all; for at the be inming of the issue, the government promised to exclange notes for coins at demand and to destro; the notes redeemed. More over, since it was at a time when the old coin was unpopular, the people prefered the use of the paper money to that of specie. As far as this scheme in issuing these convertable notes is concerned, the government was certainly successful.



But the subsequent management, caused the notes to fall into great disfavor, from the evil effect of which the country had suffered for many years.

If the government had followed the plan originally intended, destroying the notes exchanged there would same disastering notes in the country, and its economicar condition would have been greatly bettered. But contrary to what was originally intended, when the notes demanded for realimes water reached one fifth of the total issue of notes (October 1971 to March, 1872) the government evanges its plans. Instead of asstrount in notes, income and into circulation. Again, when the absorbt of new coin reached 51, 990.000 yen, to roversment could have accomplished the resumption of the rates as originally intended, if it had made the attampt. But instead of followin- this plan. It exchanged the notes for the "New Paper Money" which was itself inconvertable money. Thus, the paper money which was originally issued promising to be convertable into coin lost that quality of convertable money and was middle to the enormous amount of the inconvertable paper money, liready in circula-All this mishann penent was case on the belief of the of idials that as for notic combains circulated at par-



value with coin, weather convertable or inconvertable. He was not inconvertable. He was not inconvertable. He was not inconvertable. He was not inconvertable. He was a leasured even though nominally inconvertable were practically convertable.

Kai-Taku-Sai-Da-kwan-Sao-Ken (Colonial Department annual Remarks Associated A

The object of issuing this not; was the promotion of the important question, how to open the Island (Hokkaido). The important question, how to open the Island of the barbarians, had seen agitated from time immemorial. Since the Restoration with the nationalization of the import was accomplished, the need of settling this question was very keenly felt. It is share the the forthern pate of the Empire, the requires a garrison to settling the forthern pate of the Empire, the requires a garrison to settling the forthern pate of the Empire, the requires a garrison to settling the forthern pate of the Empire, the requires a garrison to settling the forthern pate of the Empire, the requires a garrison to settling the settling the settling the population for a small area, the government account of the population for a small area, the government account of the population for a small area, the government account of the population for a small area, the government account of the population for a small area, the government account of the population for a small area, the government account of the population for a small area, the government account of the property of the population for a small area, the government account of the property of t

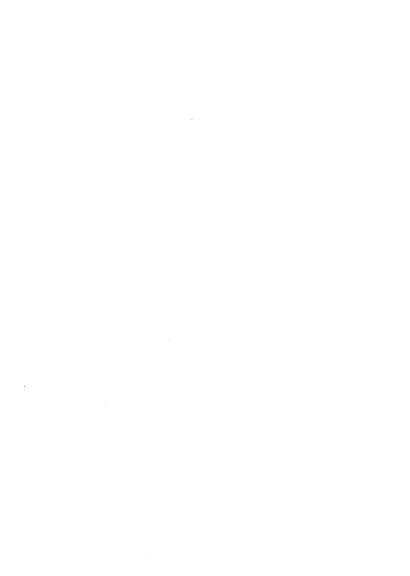


the new government was organized, the mession of colonidation of the Hockardo was considered. Furthern was a great whose to attain any success, and owing to its financial embarrassment, the government could not impropriate any additional field for this purpose. In 1872, Jen. Kuroda, the Read of the Colonial Department, through the consent of the Treasury Department, proposed to issue 4 convertable certificates amount in to 1,500,000 yeu, and the proposition was accepted by the Courcil of the State.

Method of issue and contract with the Mitsui Company.

The isome of these notes was very similar to that of the Treature mosts for notes, the Department through the Treature Department for the notes, three Department through the Treature Department, enter the treature of the Agent Company of this a reserve e. I to on this or the journey of the Treature of the Company of the Comp

^{2 (}H) Rein's Industrian of Japan, P. 301.



fight-Sidebe (D = P | er Molin). The square inside
ing this paper inches to a few alloy for proceeding the
the or a multiple at them in the consistency of the median.

** Properties of Constantial Paper Notes: In 1870,

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alread, such that is not dement that it is the derivative paper noney into paste, and the equation of the equa



hatten to or error of the above in the far. Search for the secretic money, example 1 with care, and 1. proved to be confirmed if, unitary if the proof to f. Civid Department observing the matter. Among the editionervat ly, a raid a public anaw this fact, the probleman reiuse to receive opper notes, thus preventia, a and the dircolation and kine of paper corrections (1) int enction were a ned, the govern tesp ter feet searet. So the pantral loverment is= countedly is pulle the order to Pives 1 jate spariou mon. isst. lished the examining of loss at Tokro, Osaka, Kole Wokamama (afterwards at the sist of each Prince mal (breen ant), in order to prevent the circulation of the counterfeitz. Mag wre serecad for participation in the foror. . The Chippinen province was punished more laverely. Kritola, the chill, he will the provinced government to -misser from ψ_{n+1} be a fig. (e.g., ϕ_{n+1} or ϕ_{n+1}) fill regard ϕ_{n} the paper more the colorer * 0. 7 se a and servi de . (3)



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The formal value, it out time, and the counter in a Very many state product at a let appreciate within a short time, earlier he attention of the mathematics to the fact that this previous event was use greatly to the two delects in the existing paper mone, namely, its imperfect main facture rendering it easy to counterfeit, and the poor material of high the paper money was made, being very perish.

These facts caused the povernment to undertake a change in the existing previous seconds of forces, the product the forces.

Frankfort-on-the Main war an application to the overhead.



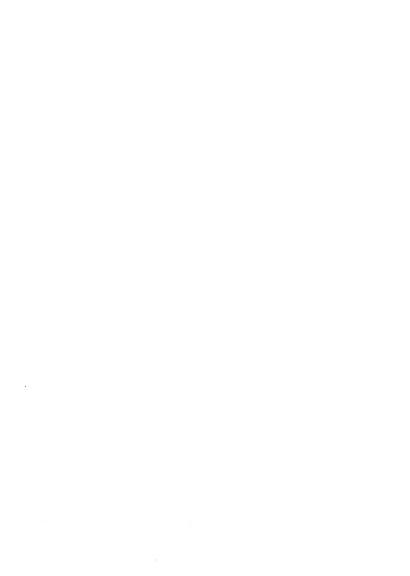
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The sent in January 's learn the cut of lithography (1)

The sent of latter that the amount of a first order we remark the contract with the Japune over the contract with the Japune over the contract with the contract of lithography, (1)

The in-order to private counterfeiting, the government concerns of Pendout new Sermany paper notes about in to ,000,000 year.

White the content of the substitute of the prevention of the standard of the standard of the prevention of the standard of the poversal through the prevention of the standard of the standard



and right for the government to seek to exemune all the clar notes for new government notes, the unity in the course of State and in the proclamation of Lec. 1971, we read:

"Owing to the poor manafacture of paper money, "here are many who have lawlessly attempted to counterfeit the rovernment notes, and there are also cold, silver, our copper bills in present circulation, which have been issued by fivers clans. **f.ese factors create much inconvenience, as well as positive loss in the transaction of business. fore, although the loverment has been burdened with enormous outlay rearly, it has issued new paper money of excela pullity for the following denominations; 100 jen, 50 e. 20 yen, 10 yen, wegen, 2 yen, 1 den, 50 sen, 20 sen, 10 sed, Of these 1 year, 30 sen, 20 sen, and 10 sen will be issued and circulated from Feb. 1:, 1872. shall be issued, all the old jove whent notes and clan notes vill be taken in exchange for th m.

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In 1872, as decreed, when the Han, (clan) was changed into the Prefecture, the government determined to exchange all clan-notes made a second order for 0,000,000 en. Afterwards, to exchange for the notes with out the original lithographic plate was transfer d from Jermany to Japan and the reserve notes were issued at the "Paper Currency bureau", from the property bureau", amount in to 3, 37,000 yen.

After these two original objects were accomplished, the government sought to exchange all government notes and certificates. Lence, to sum up all the little for which these so-called "ew Jerman paper notes" vere issued, we have the following table:--

Purpose of Issue. Amount.	
Conversion of all notes 52,897,000	yen.
" 48lan-notes 22, 018,000	w
To defray the colonial expenses 1,100,000	17
Conversion of Treasury certificates 784,000	**
" " Colonial " , 53,000	**
To cover deficit	**
" " the expense of suppressing	
Rebellion of 1877 27,000,000	**
121.347.000	Vett.

Concerning the first Home-conversion of old rovers ment's notes; - This was to exchan e the Treasury and Colonial / Y / The / Treasury and Colonial / Y / The / Th

⁽¹⁾ See P. 52.



en had it ordered, it on the total and of jover ment(1) 20 civic(2) and clan-notes to be exchange was not more than 8,000,000 yen; that there existed, therefore, an excess of 15,000,000 en; that if this excess were devoted to the redemption of other outstanding notes amounting to 9,500,000 yen, Treasury notes of 6,800,000 yen and Colonial Certicicates of 2,500,000 yen there would then be no near of expending specie for their redemption. This is a certificates of 2,500,000 years to be convertable were inconvertable notes.

the fact that after the certificates was issued, it was received by the people very favorably and circulated extensively very few notes were broken in to be converted. Moreover, as notes of the smaller demonstrations were circulated aming the mountainners and fishermen, the wear and tear was reat and there was the second appositely that the amount which

⁽¹⁾ See p. 42, (2) " p. 45, ...



was original. Intended for circulation would last the ears.

Even If this were not so, when the island should radually opened and the wilderness become a taxable land, the authorities considered that it would not be difficult to convert the notes with the coin which would be paid in by the taxes of them the Island. Hence holding the sum of 1,800,000 yea, which was lent to the people of hokkaido, as a reserve, the government issued additional notes to the amount of 1,100,000 yea.

In the year 1071, when the country was redivided, the public expense lecame very great, and the government suffered from financial embarrassment. Whenever it mut with a definious incurred by its expenditures exceeding the revenue a measure such as many governments in Surope and America had, namely, the Jureau of Ways and Means would borrow temporarily from the Eureau of Currency to meet the deficiency, with the intention of repayin the amount when taxes were received.

- Now to is seems very similar to the Treasury Certificate system. But alter a few moments consideration, we see. that there is a reat difference between the 146 systems. In the first case, there was a definite term within which . . .

the debt would be paid, usually, not longer than a fiscal year. The system which was adopted by the Japanese government at that time, was that there was no definite term for liquidation. In short, the Minister of State for Finance tecame debtor to the Eureau For currency, and creditor to the 'ureau for Revenue; the duty of debtor and the right of creditor rested upon one person, and there was no special to creditor rested upon one person, and there was no special to creditor rested upon one person, and there was no special to creditor to pay at all. This kind of transaction was resorted to nine times during five months tock 1872 Feb 1873; and the amount thus borrowed was 8,000,000 year. In 1874, this debt was turned into the "new paper notes".

the government initiated the policy of interference in commerce and Industry. It went so far in this direction, that the criticism was made, that the government monopolized all the industries of the country. This measure cost the jovernment 300,000 yen which necessitated another issue of paper money.

prosperous career, the Fronth of the National life was suddenly checked by a storm of civil war, which left the country in a desperate condition. To smet the enominous expenditure



from which 1' could draw, was compalled to circulate paper notes to the value of 27,000,000 yen from the reserve currency which was to be used for exchanging "worn-out paper notes". It was, therefore, userved in the came year, that this reserve currency should be circulated for fifteen years, and exchange at the end of that period for "wonds in exchange for notes".

paper money which was sure to be perfect in manufacture was found, a few years after it was circulated, to be imperfect in three relieves panets.

- (1) As the notes of all denominations were of the same size, differing only in the figure which indicated the denomination, it was very difficult to distinguish one denomination from the other.
- (2) Owing to the uniformity of the paper, the color used in the lithographic print was not absorbed sufficiently to prevent it from bein, changed very easily.
- (3) Gying to the poor texture of the paper, the notes were easily torm and were soon work out. Hence-



to be exchanged in on, month.

For these reasons, the government ordered the Finincial Department to issue another note known as the "Improved Paper Money" which should remedy these dejective qualities in the "New Paper Money".



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-:- REDELL'S OF STREET HOURY . -:

Although all the manner described to special to the term of the second to the second t

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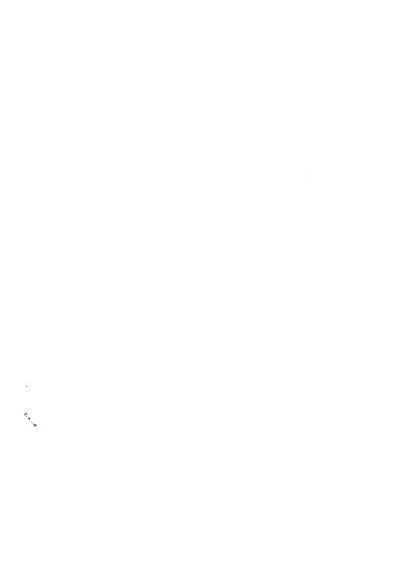
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fical e Mar Da com se San was 1-00 a mast a market the corresponding the corresponding on the correspo demond of the page. Sun of Port ties with meteris, it to notes of Class A, were converted into specie in 1 T. (*) Class B. For the warrant reasons which were mentioned in the preceding chapters, the amount of inconvertable actal, (in new paper manery reached in 100 th soloning the received of old the month not a collaboration of all all immed the proof to received letter end : United aser for the expenses of the For 1 11: , 00,000

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	20,174,000				, 9,148,000	en	
	28,107,000				.,.71,000		
1874	23,461,000	19	19,317,000	W	1,144,000	77	
1873	1929,975,000	11	18, 411,000	19	11,3 4,000	11	
187.	23,9 04,000	19	27,711,000	11			3,74 3,000
1877	27,420,000	19	23,348,000	w	4,072,000		

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TABLE II. I PORTS AND EXPORTS OF PRESIOUS METAL.

1	Year	Import		Export.		VADER	ot I	Excess of L
- 1								
i	1872	3, 01,000	er,	4,480,000	Tel	1		789,000
!	1873	3,080,000	19	,122,000	11			2,042,000
İ	1874	1,071,000	99	13,395,000	49			12,923,000
1	1875	298,000	17	14, 63,000	11			-14,305,000
1	1870	8,307,000	11	10, 75,000	19			2,408,000
1	1877	2,173,000	11	9,741,000	11			- 7,207,000

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TABLE I .- THE AMOUNT OF THE PAPER NOTES IN CIRCULATION.

Years	. Class A.	Class 1.	ank Notes.	Total.	
	(en ye	en . e	n	
1877	11,961,000	93,939,000	13,302,000	119,149,000	yen.
1878	19,018,000	119,800,000	20,219,000	1, 597,000	11
1879	15,118,000	114,190,000	34,040,000	1.4,3.4,000	W
1880	15,528,000	108,412,000	34,420,000	159,500,000	19
		105,305,000	34,390,000	1:3,302,000	19

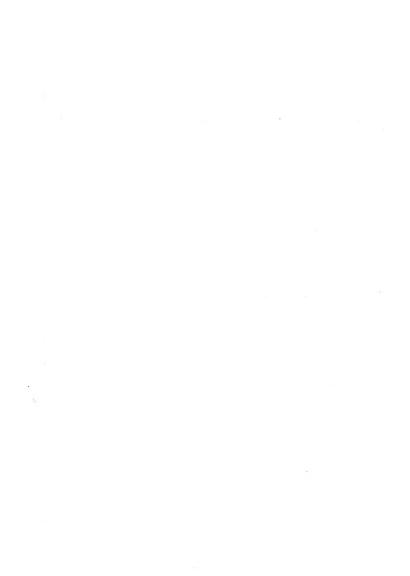
TATLE II. -- Depreciation of the paper notes in comparison with silver. (prior to Spetember, 1800, in the Mexican dollar coin and thereafter in Japanese yen coin).

Years	. Jan.	Feb.	Mar.	Apr.	May.	Jane.	July. Aug.	
	.en	en	/ en	yen	yen	. en	ren en	
1877	1,013	1,037	1,026	1,034	1,015	1,024	1,034 1,052	
1878	1,049	1,075	1,103	1,0~8	1,000	1,0.8	1,008 1,078	
1979	1,217	1,246	1,261	1,247	1,101	1,102	1,121 1,172	
1880	1,305	1,389	1,435	1,549	1,373	1,367	1,378 1,387	
1881	1,728	1,746	1,774	1,795	1,620	1,625	1, 28 1, 29	

Years	.Sept.	Oct.	Nov.	Dec.	Average.	
	yen	Ten	en	ren	ren	
1877	1,033	1,043	1,037	1,030	1,033	
1878	1,110	1,143	1,1.1	1,217	1,099	
1879	1,158	1,533	1,386	1,336	1,212	
1880	1,489	1,651	1,086	1,659	1,477	
1881	1,690	1,734	1,392	1,695	1, 94	

TAFLETIII. - The excuse of Imports. Imports and Lohurt

Years	. I ports		Exports		Excess of Imports.
1877	27,420,000	ren	23,348,000	yen	4,072,000 ren
1878	32,874,000	w	25,988,000	**	~, FF., OOO #
1879	32,953,000	19	28,175,000	99	,, 000 "
1880	34,526,000	н	28,39 ,000	4	1, 131,000 "
1881	31,191,000	19	31,0 18,000	44	132,000



TA LE IV .-- Exports and Impurts of the Precious Metals.

Years.	Imports	Exports	Excess of Exports
1877	2,173,000	9,4-1,000	7,267,000
1878	2,189,000	8,328,000	,139,000
1879	3,134,000	12,778,000	9, 41,000
1880	3, 38,000	13,222,000	9,.84,000
1881	1,850,000	7,490,000	· <u>3</u> 4,000

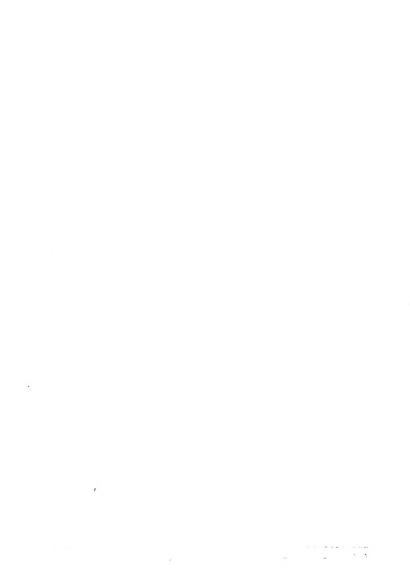
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Years.	Maximum.	Minium.	Ave age.	
	yen	yen	ren	
1871	B, .7	4,33	5,15	
1878	7,03	5,37	5,20	
1879	9,37	7,05	8,21	
1880	12,11	8,15	10,13	
1881	11,53	9,44	10,48_	

⁽¹⁾ The price of rice is selected because of its universal use throughout the country; the price given is that per koku in the Tokyo Market.



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all the certial sat ..."(Δ) Figure 1, 194, on, 1 a power some of persuaded in come of the full paper notice we use trend With Ghard. t on of termine milythe paper notes into convert le certif To record lish this souble aim, the love wheat there is your all of Count Matsuret, on Oct. 10, 1.0, established the "Control Bank of Josep." as Jopen, we refer to the go, "The existing banks (200 in a whore, including all net offeres) scattered over the country have no business consects a wife each of a right the feud: 1 berrier still pertraces on, has free loter. Compensative specie to the = late of 10,000 men contract to attliged, and to a there will not the fire types our the greats of the indicate. Hence of the control of the of the good 1000,000 med, but the control of a g_0 . The time that

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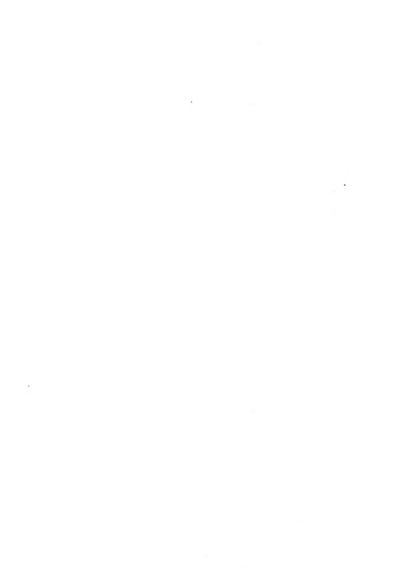
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-:- IIO FRAPHICAL SELFCE. -:-

The author. Lasa oshi Takaki, was born in Tsuruoka, Yumawata Jen. Japan, December 10, 1867, In 1880, with his parents he moved to Yokohama. The was trained at the Uhido-Kwan in Tsuruoka and afterwards at the Tsuruoka Academy. Later he entered the Anglo-Japanese College, Tokyo, Japan, from which he was traduated in 1885. After graduation he was elecred instructor and interpreter in the Tokyo Anglo-Japanese College. In which capacity se served until ne came to America in the fail of 1887. ... o entered Syracuse University, in the fall of 18.7, and was traduated in 1891 with high honor, receiving the degree of 'achelor of Science. The spent the year 1891-92 at the Albany outliness College. In the fall of 1892, he entered the Johns Lopkins University as a condidate for the degree of Doctor of Philosophy, selecting Economics a his major topic, with history and Social Science for his first and second bebordenate topics.





